

EXHIBIT H

FILED

OCT 27 2008

KIM TURNER,
County Executive Officer
MARIN COUNTY SUPERIOR COURT
By: L. Morris, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF MARIN

CHARLES E. MOORE, an individual,) Case No.: CV071224
) ORDER GRANTING COX, CASTLE &
Plaintiff) NICHOLSON, LLP'S MOTION TO BE
vs.) RELIEVED AS COUNSEL
LB DeSILVA, LLC, a Delaware Limited)
Liability Company, <i>et al.</i> ,)
Defendants)

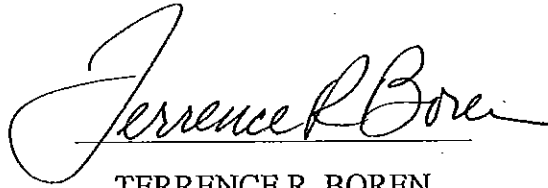
This matter came on for hearing on October 27, 2008, and the matter having been submitted by the parties, the court adopted its tentative ruling, as follows:

Counsel John Musitano's Motion to be Relieved as attorney for defendant LB DeSilva, LLC, with the consent of his client, is granted. (CCP §284(2).)

An attorney may be allowed to withdraw without offending the rule against corporate self-representation, since the effect of the withdrawal would be to force the corporation, which previously may have been unwilling to bring in new counsel, to obtain new counsel or forfeit its rights through nonrepresentation. (*Gamet v. Blanchard* (2001) 91 Cal.App.4th 1276, 1284, n.5, citing *Ferruzo v. Superior Court* (1980) 104 Cal.App.3rd 501, 504.)

1 LB DeSilva is advised it must promptly hire counsel to defend this action or otherwise
2 appear in this proceeding. Failing to do so may result in a default or other adverse consequences.
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4 Dated: October 27, 2008
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TERRENCE R. BOREN
Judge of the Superior Court

SUPERIOR COURT OF CALIFORNIA
COUNTY OF MARIN

Case Name: CHARLES MOORE VS. LB DESILVA, LLC
Action No .CV 071224 PROOF OF SERVICE BY MAIL – 1013A, 2015.5 CCP)

I am a citizen of the United States; I am over the age of eighteen years; my
address is Marin Superior Court, P.O. Box 4988, San Rafael, Calif. 94913-4988.

On October 27 , 2008 , I served the Order Granting Cox, Castle & Nicholson, llps'
motion to be Relieved as Counsel on the parties listed below by placing a true copy
thereof enclosed in a sealed envelope with postage thereon fully prepaid, in the United
States Post Office mail box at San Rafael, California.

John Musitano
2049 Centry Park East # 2800
Los Angeles, CA 90067

LB DeSilva
c/o Lehman Brothers Holdings, Inc.
745 Seventh Ave., 13th Floor
New York, New York 10019

Robert Scott
Schwartz & Cera LLP
44 Montgomery St. # 3850
San Francisco, CA 94101

William Orrick 111
Coblentz, Patch, Duffy
1 Ferry Building #200
San Francisco, CA 94111

Robert Weaver
Less & Weaver
1388 Sutter ST. #800
San Francisco, CA 94109

Joelle Halperin, esq
LB DE Silva
c/o Lehman Brothers
745 Seventh Ave., 13th Floor
New York, New York 10019

I certify (or declare), under the penalty of perjury under the laws of the State of California that the foregoing
is true and correct.

Date: October 27, 2008


Louise Morris, Court Clerk

EXHIBIT I

Douglas Schwartz

From: Du'Ana McGee
Sent: Friday, November 07, 2008 5:34 PM
To: Douglas Schwartz
Cc: Scott Lovernick
Subject: RE: Moore Matter....T/C w/Joelle Halperin

DRS,

Scott wanted me to send the below message to you regarding my telephone conversation with Joelle Halperin (counsel for LB DeSilva) today, please see below. Thanks.

-Du'Ana-

-----Original Message-----

From: Scott Lovernick
Sent: Friday, November 07, 2008 5:31 PM
To: Du'Ana McGee
Subject: Re: do you have a cell number for Captain Sun???

Send to Doug please

Sent using BlackBerry

-----Original Message-----

From: Du'Ana McGee <dmcgee@schwartz-cera.com>
To: Scott Lovernick <scott@schwartz-cera.com>
Sent: Fri Nov 07 17:05:30 2008
Subject: RE: do you have a cell number for Captain Sun???

So she (Joelle) stated that Lehman owns LB DeSilva and that LB DeSilva is "not paying" our client "anything....not a dime" and that "interest on the house has been sold." She said that the attys are trying to decide what to do concerning this matter (i.e., file bankruptcy, etc.) She said either way, if bankruptcy is filed or if we decide to file a default against them that "nothing will be paid." She stated that she just wanted to "caution" us.

I faxed over the letter to her. Listed below is her contact information if you would like to contact her.

Joelle Leslie Halperin
Lehman Brothers
399 Park Ave., Fl 8 H
New York, NY 10022-4614
212/526-0170 - Direct
646-834-0847 - Fax

Thanks.

-Du'Ana-

EXHIBIT J

COBLENTZ, PATCH, DUFFY & BASS LLP
ONE FERRY BUILDING, SUITE 200, SAN FRANCISCO, CALIFORNIA 94111-4213
415.391.4800 • FAX 415.989.1663

1 WILLIAM H. ORRICK, III (State Bar No. 113252)
2 JOHN T. BULLOCK (State Bar No. 196809)
3 COBLENTZ, PATCH, DUFFY & BASS LLP
4 One Ferry Building, Suite 200
5 San Francisco, California 94111-4213
6 Telephone: 415.391.4800
7 Facsimile: 415.989.1663
8 Email: ef-who@cpdb.com,
9 ef-jtb@cpdb.com

10 Attorneys for Defendant
11 PETER WAIS

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF MARIN

CHARLES E. MOORE, an individual,
Plaintiff,

v.

LB DeSILVA, LLC, a Delaware Limited
Liability Company, PETER WAIS, an
Individual, ARCHITECTUAL INSPECTION
SERVICES, INC., a California Corporation;
and DOES 1-20, inclusive,
Defendants.

Case No. CV 071224

**NOTICE OF ENTRY OF ORDER
GRANTING MOTION TO ENFORCE
SETTLEMENT**

Date: November 26, 2008
Time: 9:00 a.m.
Dept.: B

Action Filed: March 16, 2007

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on the date indicated thereon, the Court entered the Order
attached hereto as Exhibit A.

DATED: December 2, 2008

COBLENTZ, PATCH, DUFFY & BASS LLP

By: 

John T. Bullock
Attorneys for Defendant
PETER WAIS

Exhibit A

Nov 20 2008 2:57PM SCHWARTZ & CERA

415 438 2655

p. 0/0

DOUGLAS R. SCHWARTZ (State Bar No. 98666)
SCOTT R. LOVERNICK (State Bar No. 233755)
SCHWARTZ & CERA LLP
44 Montgomery Street, Suite 3850
San Francisco, California 94104
Telephone: (415) 956-2600
Facsimile: (415) 438-2655

Attorneys for Plaintiff
CHARLES E. MOORE

FILED

NOV 26 2008

KIM TURNER, Court Executive Officer
MARIN COUNTY SUPERIOR COURT
By: S. Bond, Deputy

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF MARIN
UNLIMITED JURISDICTION

CHARLES E. MOORE, an individual,
Plaintiff,

vs.

LB DeSILVA, LLC, a Delaware Limited
Liability Company,
PETER WAIS, an Individual,
ARCHITECTURAL INSPECTION
SERVICES, INC., a California Corporation;
and DOES 1-20, inclusive,
Defendants.

CASE NO. CV071224

**[PROPOSED] ORDER GRANTING
MOTION TO ENFORCE
SETTLEMENT**

DATE: November 26, 2008
TIME: 9:00 a.m.
DEPT: B

Plaintiff Charles E. Moore's Motion for Order to Enforce Settlement came on for hearing
on the date and time set forth above.

After consideration of all the evidence submitted by each party, as well as the argument of
counsel, the Court finds as follows:

I. This action was mediated on June 18, 2008, before the Hon. William R. Bettinelli
(Ret.) at JAMS in San Francisco, California.

06544001.991548V2

-1-

**[PROPOSED] ORDER GRANTING MOTION TO ENFORCE SETTLEMENT
CASE NUMBER CV071224**

Nov 20 2008 2:58PM SCHWARTZ & CERA

415 438 2655

p. 00

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2 2. Although the parties were unable to resolve the matter during the mediation
3 session on June 18, 2008, Judge Bettinelli presented a mediator's proposal to the parties on June
4 19, 2008.

5 3. The mediator's proposal provided that the action be settled by payment from
6 defendant LB De Silva, LLC ("DeSilva") to plaintiff of \$300,000. The proposal further provided
7 that plaintiff dismiss and waive his claims against defendant Peter E. Wais, with each party
8 waiving attorneys' fees and costs, and with Wais waiving any potential malicious prosecution
9 claims. The mediator's proposal further provided that the settlement would include mutual
10 dismissals and releases of claims of and against all parties and their affiliates, whether such
11 claims are known or unknown, and would include the specific language of Civil Code Section
12 1542. The parties were given until 4:00 p.m. on June 25, 2008, to indicate whether they agreed
13 to the mediator's proposal. The mediator's proposal stated that if all parties acknowledged
14 acceptance of the mediator's proposal, the matter would be settled on those terms.

15 4. On or before June 25, 2008, all parties, by and through their counsel of record in
16 this action, acknowledged acceptance of and agreed to the mediator's proposal. Accordingly, the
17 matter was settled according to the terms of the mediator's proposal and there now exists a valid,
18 binding and enforceable settlement agreement by and among all the parties to this action.

19 Now, therefore, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that
20 Plaintiff's motion is GRANTED and the settlement agreed to by all parties to this action shall be
21 enforced as follows:

22 (1) Judgment is hereby entered in the amount of \$300,000.00 in favor of plaintiff Moore
23 ("Moore") and against defendant DeSilva. The claims of Moore against defendants Wais
24 and Architectural Inspection Services ("AIS") are dismissed with prejudice and plaintiff
25 shall take nothing by those claims.

26 (2) Moore, on behalf of himself and the Restated Charles E. Moore Living Trust dated June 8,
27 2005, and on behalf of any other person or entity claiming by or through Moore or the
28

Nov 20 2008 2:58PM

SCHWARTZ & CERA

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1 referenced Trust (herein, collectively, "Moore"), releases all claims, known and unknown,
2 against Defendant AIS ("AIS"), including but not limited to all latent and all patent
3 construction and design defects;
4

5 (3) Moore and defendant Wais, on behalf of themselves and their respective agents,
6 representatives, servants, attorneys, executors, heirs, administrators, successors,
7 predecessors, partners and assigns, do hereby release and forever discharge each other,
8 and their respective agents, representatives, servants, attorneys, executors, heirs,
9 administrators, successors, predecessors, partners and assigns, and each of them, of and
10 from any and all claims, demands for sums of money, accounts, actions, causes of action,
11 suits, debts, damages, judgments, liabilities, charges, obligations, losses, costs, expenses,
12 and demands of every kind and nature, past, present or future, whether matured or
13 unmatured, whether known or unknown, whether at law or in equity, and whether before a
14 local, state, or federal court, administrative agency, arbitrator, tribunal or commission
15 regardless of location, that they, or any of them, have or may have against each other, or
16 any of them, including but not limited to those that arise out of relate in any way to the
17 subject matter of this action, and including but not limited to any claims or allegations that
18 were made, or could have been made, in this action.
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20
21 (4) AIS and DeSilva, on behalf of themselves and their respective agents, representatives,
22 servants, attorneys, successors, predecessors, partners, assigns, parents, subsidiaries,
23 affiliated entities, officers, directors, members, and employees, fully and forever release
24 and discharge each other, Moore and WAIS, and their respective agents, representatives,
25 servants, attorneys, executors, heirs, administrators, successors, predecessors, partners and
26 assigns, and each and all of them; from any and all claims, demands for sums of money,
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06344.001.991548V2

-3-

[PROPOSED] ORDER GRANTING MOTION TO ENFORCE SETTLEMENT
CASE NUMBER CV071224

Nov 20 2008 2:58PM SCHWARTZ & CERA

415 438 2655

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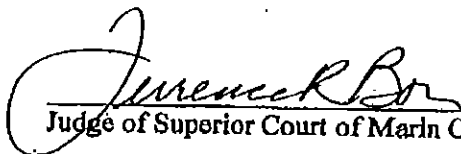
1
2 accounts, actions, causes of action, suits, debts, damages, judgments, liabilities, charges,
3 obligations, losses, costs, expenses, and demands of every kind and nature, past, present
4 or future, whether matured or unmatured, whether known or unknown, whether at law or
5 in equity, and whether before a local, state, or federal court, administrative agency,
6 arbitrator, tribunal or commission regardless of location, that they, or any of them, have or
7 may have against the other, or any of them, including but not limited to those that arise
8 out of relate in any way to the subject matter of this action, and including but not limited
9 to any claims or allegations that were made, or could have been made in this action, and
10 specifically including but not limited to any claims against Wals for indemnity or
11 contribution.
12

13 (5) The parties waive the provisions of Civil Code Section 1542.

14 (6) Each party is to bear its own expenses of litigation, including but not limited to attorneys'
15 fees, costs, expert consultant and witness fees, and mediation fees.
16

17 IT IS SO ORDERED.

18
19 Dated: 11/26/08

20 
21 Judge of Superior Court of Marin County
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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF SAN FRANCISCO

At the time of service, I was over 18 years of age and not a party to this action. I am employed in the County of San Francisco, State of California. My business address is One Ferry Building, Suite 200, San Francisco, California 94111-4213.

On December 2, 2008, I served true copies of the following document(s) described as

NOTICE OF ENTRY OF ORDER GRANTING MOTION TO ENFORCE SETTLEMENT

on the interested parties in this action as follows:

Douglas R. Schwartz, Esq.
Scott Lovernick, Esq.
Schwartz & Cera LLP
44 Montgomery Street, Suite 3850
San Francisco, CA 94104
FAX: 415-438-2655

Joelle Halperin, Esq.
LB De Silva
c/o Lehman Brothers Holdings, Inc.
745 Seventh Avenue, 13th Floor
New York, NY 10019
FAX: 646-834-0874

Attorneys for Plaintiff
Charles E. Moore


Robert N. Weaver, Esq.
Less & Weaver
1388 Sutter Street, Suite 800
San Francisco, CA 94109
FAX: 415-989-0841

Attorneys for Defendant
Architectural Inspection Services, Inc.

BY MAIL: I enclosed the document(s) in a sealed envelope or package addressed to the persons at the addresses listed in the Service List and placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with Coblentz, Patch, Duffy & Bass LLP's practice for collecting and processing correspondence for mailing. On the same day that the correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on December 2, 2008, at San Francisco, California.


Mark Allen

ADR-100

MEDIATOR (Name and Address): HONORABLE WILLIAM L. BETTINELLI (RET.) JAMS Two Embarcadero Center, Suite 1500, San Francisco, CA 94111 TELEPHONE NO.: (415) 982-5267 FAX NO. (Optional): (415) 982-5287 E-MAIL ADDRESS (Optional):		FOR COURT USE ONLY FILED NOV 18 2008 KIM TURNER, Court Executive Officer MARIN COUNTY SUPERIOR COURT By: S. Bond, Deputy
SUPERIOR COURT OF CALIFORNIA, COUNTY OF MARIN STREET ADDRESS: 3501 Civic Center Drive MAILING ADDRESS: 3501 Civic Center Drive CITY AND ZIP CODE: San Rafael, CA 94903 BRANCH NAME:		
CASE NAME: CHARLES E. MOORE v. LB DESILVA, LLC, ET AL.		
STATEMENT OF AGREEMENT OR NONAGREEMENT <input checked="" type="checkbox"/> First <input type="checkbox"/> Supplemental		
		CASE NUMBER: CV071224
NOTE: This form must be used by mediators in the Civil Action Mediation Program (Code Civ. Proc., § 1776 et seq.) and in the Early Mediation Pilot Program (Code Civ. Proc., § 1730 et seq.).		

- This case was filed on (date if known): March 16, 2007
- I was selected as the mediator in this matter on (date): January 29, 2008
- Mediation (check one):
 - ☐ did not take place.
 - ☐ A party who was ordered to appear at the mediation did not appear.
 - ☐ Other reason (please specify without disclosing any confidential information):
 - ☒ took place on (date or dates): June 18, 2008
 and lasted a total of 10 hours.
- ☐ The mediation has not ended. I submit this form to comply with the court's requirement to do so by a specified date.
- The mediation ended (check one):
 - ☒ In full agreement by all parties on (date): June 25, 2008
 - ☐ In partial agreement
 - ☐ In full agreement as to the following parties:
 on (date):
 - ☐ In full agreement as to limited issues on (date):
 - ☐ In nonagreement.

Date: 11/13/08

HONORABLE WILLIAM L. BETTINELLI (RET.)
 (TYPE OR PRINT NAME)


 (SIGNATURE OF MEDIATOR)

NOTE: Within 10 days of the conclusion of the mediation or, when applicable, by the deadline set by the court, the mediator must serve a copy of this statement on all parties and file the original, with proof of service, with the court clerk. The proof of service on the back of this form may be used.

PROOF OF SERVICE
Charles E. Moore v. LB DeSilva, LLC, et al.
Marin Superior Court No. CV 071224

I am a resident of the State of California, over the age of eighteen years, and not a party to this action. My business address is Schwartz & Cera LLP, 44 Montgomery Street, Suite 3850, San Francisco, California 94104. On the below stated date, I served the following documents:

STATEMENT OF AGREEMENT OR NONAGREEMENT

on the below-named parties and/or counsel of record, by the manner indicated:

Joelle Halperin, Esq.
LB De Silva, LLC
c/o Lehman Brothers
399 Park Avenue, Floor 8 H
New York, NY 10022-4614
Telephone: 212/526-0170
Facsimile: 646/834-0847

Attorneys for Defendant
LB DESILVA, LLC

Robert N. Weaver, Esq.
Less & Weaver
1388 Sutter Street, Suite 800
San Francisco, CA 94109
Telephone: 415/398-9800
Facsimile: 415/989-0841

Attorneys for Defendant
ARCHITECTURAL L INSPECTION
SERVICES, INC.

William H. Orrick, III, Esq.
Coblentz, Patch, Duffy & Bass, LLP
One Ferry Building, Suite 200
San Francisco, CA 94111
Telephone: 415/772-5712
Facsimile: 415/989-1663

Attorneys for Defendant
Peter Wais

XXX MAIL – By placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid, in the United States mail at San Francisco, California, addressed as set forth above.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on November 18, 2008 at San Francisco, California.

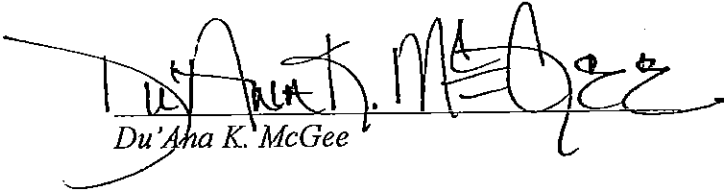

Du'Ana K. McGee

EXHIBIT K

NOTICE OF JUDGMENT LIEN

FOLLOW INSTRUCTIONS CAREFULLY (front and back of form)

A. NAME & PHONE OF FILER'S CONTACT (optional)
Scott R. Lovernick, Esq. (415) 956-2600

B. SEND ACKNOWLEDGMENT TO: (NAME AND ADDRESS)

Schwartz & Cera LLP
44 Montgomery Street, Suite 3850
San Francisco, CA 94104

09-7187266975

02/09/2009 17:00



FILED

CALIFORNIA
SECRETARY OF STATE

SOS



20023840002 UCC FILING

THIS SPACE FOR FILING OFFICE USE ONLY

1. JUDGMENT DEBTOR'S EXACT LEGAL NAME - Insert only one name, either 1a or 1b. Do not abbreviate or combine names.

1a. ORGANIZATION'S NAME

LB De Silva, LLC, c/o Lehman Brothers, Inc.

1b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

1c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

745 Seventh Avenue, 16th Floor

New York

NY

10019

2. JUDGMENT CREDITOR'S NAME - Do not abbreviate or combine names.

2a. ORGANIZATION'S NAME

2b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE

SUFFIX

Moore

Charles

E

2c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

c/o Schwartz & Cera LLP

San Francisco

CA

94104

3. ALL PROPERTY SUBJECT TO ENFORCEMENT OF A MONEY JUDGMENT AGAINST THE JUDGMENT DEBTOR TO WHICH A JUDGMENT LIEN ON PERSONAL PROPERTY MAY ATTACH UNDER SECTION 697.630 OF THE CODE OF CIVIL PROCEDURE IS SUBJECT TO THIS JUDGMENT LIEN.

A. Title of court where judgment was entered: Marin County Superior Court

B. Title of the action: Charles E. Moore v. LB De Silva, LLC

C. Number of this action: CV 071224

D. Date judgment was entered: 11/26/08

E. Date of subsequent renewals of judgment (if any):

F. Amount required to satisfy judgment at date of this notice: \$ 300,000.00

G. Date of this notice: 02/04/2009

4. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

SIGNATURE - SEE INSTRUCTION NO. 4

Schwartz-Cera LLP

FOR: Charles E. Moore

Dated: 02/11/09

(If not indicated, use same as date in Item 3G.)

FILING OFFICE COPY

NOTICE OF JUDGMENT LIEN (FORM JL1) (Rev. 8/01)
Approved by the Secretary of State



SECRETARY OF STATE
STATE OF CALIFORNIA

UCC Filing Acknowledgement

02/10/2009

Page 1 of 1

SCHWARTZ & CERA LLP
44 MONTGOMER ST., SUITE 3850
SAN FRANCISCO CA 94104

Filing Fee: \$10.00
Total Fee: \$10.00

The California Secretary of State's Office has received and filed your document. The information below reflects the data that was indexed in our system. Please review the information for accuracy. Included is an image of the filed document to assist you in your review. If you find a potential error, please notify the UCC Section at the number listed below at your earliest convenience.

Filing Type: Judgement Lien

File Date: 02/09/2009

File Time: 17:00

Filing Number: 09-7187266975

Lapse Date: 02/09/2014

Debtor(s):

ORGANIZATION

LB DE SILVA, LLC, C/O LEHMAN BROTHERS, INC.

745 SEVENTH AVENUE, 15TH FLOOR NEW YORK NY USA
10019

Secured Party(ies):

INDIVIDUAL

MOORE, CHARLES, E,

C/O SCHWARTZ & CERA LLP SAN FRANCISCO CA USA
94104

Filing by the Secretary of State is not conclusive proof that all conditions for securing priority have been met. Ensuring that accurate information is on the document to be filed is the responsibility of the filing party. If this filing is challenged, the Secretary of State does not guarantee that the filing is legally sufficient to secure priority under UCC Article 9 and expressly disclaims any liability for failure of the filing party to secure priority resulting from the information contained in the filed document, or the lack of information on the filed document.

EXHIBIT L

California Business Portal

Secretary of State DEBRA BOWEN

SECRETARY OF STATE

ELECTIONS & VOTER INFO

POLITICS & REFORM

CA BUSINESS PORTAL

ARCHIVES & MUSEUM

OTHER SERVICES

Business Search
LP/LLC

Limited Partnerships/Limited Liability Companies

LP/LLC

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Search Tips
Field Definitions
Status Definitions
LLC Name Availability
LP Name Availability
Business Entities Records Order Form Certificates Copies Status Reports
LLC FAQs
LP FAQs
LLC Main Page
LP Main Page
Site Search

The information displayed here is current as of "Feb 6, 2009" and is updated weekly. It is not a complete or certified record of the Limited Partnership or Limited Liability Company.

If you are unable to locate a record, you may request a more extensive search by ordering a status report. Fees and instructions for ordering a status report are included on the Business Entities Records Order Form. Certificates and/or certified copies can also be requested using the order form.

Results of search for " LB De Silva "

*Click on the name of the Limited Partnership or
Limited Liability Company for additional information.*

LP/LLC Number	Date Filed	Status	LP/LLC Name	Agent for Service of Process
199809310002	4/3/1998	canceled	LB DE SILVA LLC	CORPORATION SERVICE COMPANY WHICH WILL

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California Business Portal

Secretary of State DEBRA BOWEN

SECRETARY OF STATE

ELECTIONS & VOTER INFO

POLITICAL REFORM

CA BUSINESS PORTAL

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Business Search LP/LLC

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[LLC Name Availability](#)

[LP Name Availability](#)

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[LLC Main Page](#)

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Limited Partnerships/Limited Liability Companies

LP/LLC

The Information displayed here is current as of "Feb 6, 2009" and is updated weekly. It is not a complete or certified record of the Limited Partnership or Limited Liability Company.

LP/LLC		
LB DE SILVA LLC		
Number: 199809310002	Date Filed: 4/3/1998	Status: canceled
Jurisdiction: DELAWARE		
Address		
1201 ELM ST #5400		
DALLAS, TX 75270		
Agent for Service of Process		
CORPORATION SERVICE COMPANY WHICH WILL		

[Printer Friendly](#)

[New Search](#)

- Fees and Instructions for requesting certification of limited partnership and/or limited liability company records are included on the **Business Entities Records Order Form**.
- Blank fields indicate the information is not contained in the computer file.
- If the agent for service of process is a corporation, the address of the agent may be requested by ordering a status report. Fees and instructions for ordering a status report are included on the **Business Entities Records Order Form**.

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EXHIBIT M



2470 Stearns Street, #162
Simi Valley, California 93063
(805) 520 3151
FAX (805) 520 5804

March 10, 2009

REPORT #1
STATUS REPORT / INTERIM BILL

Scott Lovernick, Esquire
SCHWARTZ & CERA LLP
44 Montgomery, Suite 3850
San Francisco, California 94104

RE: CHARLES E. MOORE / LB DESILVA, LLC

Sankey File Number: 4266.09-5

Dear Mr. Lovernick,

This report will acknowledge and thank you for this assignment received in this office February 19, 2009.

We were asked to perform an asset investigation on company LB DeSilva, LLC.

INVESTIGATION

Identifying Information

LB DeSilva, LLC is a Delaware Limited Liability Company, file number 2879469, originally filed April 1, 1998. The registered agent is The Prentice Hall Corporation System, Inc., 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, (302) 636 5400. LB DeSilva, LLC was previously registered with the California Secretary of State; however, the status is now listed as "cancelled".

LP/LLC Number	Date Filed	Status	LP/LLC Name	Agent for Service of Process
199809310002	4/3/1998	canceled	LB DE SILVA LLC	CORPORATION SERVICE COMPANY WHICH WILL

It should be noted that there are numerous entities with similar names as the subject company including:

LB DeSilva, Inc.	Corporation # 2755472
LB DeSilva II, Inc.	Corporation # 2827612
LB DeSilva III, Inc.	Corporation # 2827615
LB DeSilva Managers, Inc.	Corporation # 2924990

These are all Delaware Corporations. For the purposes of this asset investigation, we have concentrated our efforts on LB DeSilva, LLC, the judgment debtor.

The following corporate information for LB DeSilva, LLC was revealed:

Record Type: LIMITED LIABILITY COMPANY
Business Name: LB DE SILVA LLC
Filing Number: 199809310002
File Date: 04/03/1998
Status: ACTIVE
LLC Type: REAL ESTATE INVESTMENTS
Formation State: DE
Process Date: 08/11/1999
Agent: CORPORATION SERVICE COMPANY WHICH WILL
Officer #1: LB DE SILVA INC
1201 ELM ST STE 5400, DALLAS, TX 75270-0000

The following corporate information was revealed for LB DeSilva, Inc. (listed as officer for LB DeSilva, LLC).

Record Type: CORPORATIONS
Business Name: LB DE SILVA INC.
Filing Number: 02475178
File Date: 11/14/2002
Foreign State: DELAWARE
Corporation Type: STATEMENT & DESIGNATION BY FOREIGN CORPORATION - STOCK

Most Recent Statement of Officers

Statement #: 0673865
Statement Date: 05/05/2008
Status: FORFEITED
FTB Status: FORFEITED
FTB Suspension Date: 08/01/2006
Mailing Address: 745 SEVENTH AVE, NEW YORK, NY 10019
President: BARRY O'BRIEN
70 HUDSON ST, JERSEY CITY, NJ 07302
Agent: THE PRENTICE-HALL CORPORATION SYSTEM, INC.
2730 GATEWAY OAKS DR STE 100, SACRAMENTO, CA 95833

Previous Statement of Officers

Statement #: 0682118
Statement Date: 08/25/2003
Status: FORFEITED
FTB Status: FORFEITED
FTB Suspension Date: 08/01/2006
Mailing Address: 745 7TH AVE, NEW YORK, NY 10019
President: XAVIER SHEID
745 7TH AVE, NEW YORK, NY 10019
Agent: CORPORATION SERVICE COMPANY WHICH WILL DO BUSINESS
IN CALIFORNIA AS CSC - LAWYERS INC SERVICE
2730 GATEWAY OAKS DR STE 100, SACRAMENTO, CA
95833

Amendment History

History Date: 01/26/2006
History Record Type: SECRETARY OF STATE FORFEITURE

History Date: 08/01/2006
History Record Type: FRANCHISE TAX BOARD FORFEITURE

Further documentation can be obtained from the Delaware Secretary of State as needed.

LB DeSilva, LLC is associated with the following addresses:

- 1 De Silva Island Dr., Mill Valley, California 94941
- 1201 Elm Street, #500, Dallas, Texas 75270 (apparent headquarters)
- 459 Bryant Street, San Francisco, California 94107
- 399 Park Ave., #8, New York, New York 10022
- 5400 Renaissance Tower, Dallas, Texas 75270

Real Estate

We researched real estate records throughout California and Texas. We found no record of any current property ownership for LB DeSilva, LLC.

LB DeSilva appears to have held title to numerous properties in the Mill Valley, California area; however, these properties now all appear to have been transferred, most in 2003 through 2007.

Civil Suits

Research with the Marin County Superior Court in California revealed the following cases.

CIV071224	CHARLES E. MOORE VS LB DESILVA, LLC	Fraud	CHARLES E MOORE	Plaintiff	3/16/2007	11/26/2008
CIV083844	DSI HOMEOWNERS ASSOCIATION, ET AL VS LB DE SILVA, LLC, ET AL	Contract/ Money/ Damages	NORTH BAY CONSTRUCTI ON, INC. (4)	Cross Complainant		8/7/2008

Research with the United States District Court in California revealed the following case.

Civil Cases

Name	Court	Case No.	Filed	NOS	Closed
LB DESILVA, LLC	candce	3:1999cv04216	09/14/1999	893	03/06/2000
S.F. Baykeeper, et al v. LB Desilva, LLC, et al					

Public Filings

Research was completed on our numerous databases for any public record filings. The databases include Bankruptcies, Tax Liens, Judgments, Notice of Defaults and UCC Financing Statements. The following records were found.

Record Type: CALIFORNIA UCC INDEX
Data Through: 02/16/2009
File Number: 9935860270
File Date: 12/13/1999
Expiration Date: 12/13/2004

Debtor #1: LB DE SILVA LLC, A DELAWARE LIMITED LIABILITY
COMPANY
FEDERAL ID: 94250XXXX
1201 ELM ST STE 5400
DALLAS, TX 75270

Secured Party #1: IMPERIAL BANK, A CALIFORNIA CORPORATION
1331 N CALIFORNIA BLVD STE 400
WALNUT CREEK, CA 94596

Record Type: CALIFORNIA UCC INDEX
Data Through: 02/16/2009
File Number: 097187266975
File Date: 02/09/2009

REPORT #1
LB DESILVA, LLC.

Debtor #1: LB DE SILVA, LLC, C/O LEHMAN BROTHERS, INC.
745 SEVENTH AVENUE, 15TH FLOOR
NEW YORK, NY 10019

Secured Party #1: CHARLES E MOORE
C/O SCHWARTZ & CERA LLP
SAN FRANCISCO, CA 94104

Record Type: CALIFORNIA UCC INDEX
Data Through: 02/16/2009
File Number: 9935860270
File Date: 12/13/1999

Debtor #1: LB DE SILVA LLC, A DELAWARE LIMITED LIABILITY
COMPANY
1201 ELM ST STE 5400
DALLAS, TX 75270

Secured Party #1: IMPERIAL BANK, A CALIFORNIA CORPORATION
1331 N CALIFORNIA BLVD STE 400
WALNUT CREEK, CA 94596

Filing Number: 3082269 5
Filing Date: 3/31/2003
Filing Agency: SECRETARY OF STATE/UCC DIVISION
Filing Agency Address: DOVER, DE 19901

Debtor Party(s):

Debtor: LB DE SILVA LLC C/O LEHMAN BROTHERS HOLDINGS, INC.
Debtor Address: 399 PARK AVE FL 8TH, NEW YORK NY 10022-4614

Secured Party(s):

Debtor: REDWOOD CAPITAL FINANCE COMPANY, LLC
Debtor Address: 150 CALIFORNIA ST FL 22, SAN FRANCISCO CA 94111-4547

Collateral(s):

Description: EQUIPMENT AND PROCEEDS; CONTRACT RIGHTS AND
PROCEEDS; CHATTEL PAPER AND PROCEEDS; FIXTURES AND PROCEEDS; ACCOUNTS RECEIVABLE
AND PROCEEDS; COMPUTER EQUIPMENT AND PROCEEDS; ACCOUNT(S) AND PROCEEDS; GENERAL
INTANGIBLE(S) AND PROCEEDS; BUILDING(S) AND PROCEEDS; NEGOTIABLE INSTRUMENTS AND
PROCEEDS; MACHINERY AND PROCEEDS; INVENTORY AND PROCEEDS

Filing(s):

Filing: INITIAL FILING
Filing Number: 3082269 5
Filing Date: 3/31/2003

Record Type: STATE TAX LIEN
File Number: 200409231093
File Date: 9/23/2004

Debtor #1: LB DE SILVA LLC
1201 ELM ST STE 5
DALLAS, TX 75270

Creditor: STATE OF CALIFORNIA

A brief review of available documents online, from the bankruptcy filing of Lehman Brothers Holdings, Inc., filed on September 15, 2008, case number 08-13555, did not reveal any mention on LB DeSilva, LLC. I should mention that there are hundreds if not thousands of filings in this matter and a detailed review would be very time consuming.

Dunn & Bradstreet

The following information was revealed from Dunn & Bradstreet.

*Business Name: L B Desilva
Duns Number: 166321104
Address: 1 DE SILVA ISLAND DR, Mill Valley CA 94941-3004
Year Started: 2004
Annual Sales: \$710,000
Sales Revision Date: 1/16/2009
Employees Total: 3
Employees Here: 3
Line of Business: Subdivider/Developer
Primary SIC: Subdividers and developers, nec
Establishment Type: Single Location
Small Business Flag: Yes
Minority Owned: No
Foreign Owned: No
Public: No*

Vehicles

A search, for automobiles, aircraft, watercraft, recreational vehicles, motorcycles, etc., was performed for any ownership by LB DeSilva, LLC. Research with the California Department of Motor Vehicles revealed no vehicles registered under LB DeSilva, LLC.

Bank Accounts

Bank account locates are conducted using up to nine different methods that are lawful under all Federal laws. Account numbers are not given due to the Gramm Leach Bliley Act. Bank accounts are considered hits on any open cash account regardless of balance including checking, savings, IRA's, safety deposit boxes, trust accounts & business accounts located under subject's SSN or FEIN. The rate of successful location is directly related to the accuracy of information used to conduct the search. Other accounts may be held by subject under different information than used to conduct this search.

Detailed, diligent Statewide Bank Account searches were conducted for any and all cash banking accounts that match LB DeSilva, LLC in California and Texas. No open accounts were located.

COMMENTS

This report updates you on our investigation to date. If you would like us to research any of the above information further please do not hesitate to contact us. Please find enclosed our invoice for services rendered to date. If we can be of any further assistance in this or any other matter please do not hesitate to contact the undersigned.

Very truly yours,

THE SANKEY FIRM, INC.

Todd Sankey

Todd Sankey, Investigator

Enclosure: Service Invoice

We guarantee our information to be as accurate as REASONABLE CARE can make it. However, the ultimate responsibility for maintaining the files rests with the filing officer and we will accept NO LIABILITY beyond the exercise of reasonable care. All information can be subject to human and/or computer entry and retrieval error. The information contained in this report is deemed reliable, from reliable sources, but cannot be guaranteed.

EXHIBIT N

EXHIBIT O

REL #	MTS	Asset Name	Lien	REO Date
REO7	TY35	ELGIN SENIOR CITIZENS APTS	First	
	RB16	Bannister House	REO	9/5/04
	TN42	Groton Health Care	First	
	TN28	Beechwood Terrace Apts	Second	
	QB21C	Sunwest Apartments	Second	
	TN32	Vadehra I	Second	
	SU02	Breakers @ Edgewater	Second	
	ST98	Country Club Estates	Second	
REO110	TY40	CONQUISTADOR APARTMENTS	Second	
	TP55	LB WINCHESTER OPERATOR LLC	REO	1/31/03
	VC83	Gwinnett Prado LP	First	
	TY33	HERMITAGE ON HURON	Second	
REL141	RU15	CHS LW-LP	EQUITY	
REL2	QP19	RAM I Apartments	EQUITY	
	SN75	KOJAIA MOWG	First	
	SD48	415 Hamburg	Other	
	TY59	CARAVILLA RESIDENTIAL CTR	First	
REL7	QQ95	Memphis (Direct)	EQUITY	
REL10	QY18	KKP-LB Pacific II	EQUITY	
REO125	WE283	LB 2080 Kalakaua LLC	REO	
	TN18	Clocktower Place II	Second	
	TY57	CARBONDALE NURSING HOME	First	
	QY89	Wilton Partners	REO	12/22/00
	QY89W	Wilton Partners Credit Facility	REO	12/22/00
REL19	RG19	LB Westbury I Inc	EQUITY	
REL17	QY82	LB Exchange Park II	EQUITY	
	TN25	Jeffrey Apts	Second	
REL22	RA06	Tulsa - LW LP (Direct)	EQUITY	
	SR97	LB GWINNETT LLC	REO	12/5/00
REL24	RT99	Sarasota LW-LP (Direct)	EQUITY	
	RE85	Inn at Lost Creek	First	
REL29	RF86	PAMI Newark Inc (744 Broad)	EQUITY	
	TP67	LB 1200 MAIN PARTNER LLC	REO	2/25/03
	RG11	W/J RANCH	First	
	RH00	Park Central	First	
REL52	RI01, RP49, RI	Park Avenue	EQUITY	
	TI94	LB West Bay Development LLC	REO	8/2/02
	TB85	Pikes Peak Speedway	REO	11/21/01
	RH92	King Kalakaua Owners	First	
REL380	TK26	West Michigan Industrial Investors LLC	EQUITY	
REL15	RK06	PAMI Raymond Inc(1180 Raymond)	EQUITY	
	TB92	LB Raleigh Hotel LLC	REO	2/28/03
	QY47	WESTBURY	Second	
	RN99	Perry Brooks Office Building	First	
REL23	RP56	PAMI East 9th St (Equity)	EQUITY	
	TC75	LB CHAPEL SQUARE LLC	REO	12/7/01
	RP80	One Main Place	First	
	RP80B	One Main Place - B	Second	
	SL68	PAMI FL3 Inc.	REO	7/30/04
	SL72	PAMI FL7 Inc.	REO	7/30/04
REL50	RQ37	LB Desjardins II	EQUITY	
	TW25	LB Dulles Acquisition LLC	REO	11/12/03
REL56	RS69	LB Hayward II Inc	EQUITY	
	TA20	LB BELL ATLANTIC LLC	REO	11/19/01

REL55A	SM04	LB/L - Lakeside Capital Partners	EQUITY	
	RS05	Banker's Building	First	
	TD99	RADISSON HOTEL-ACAPULCO	First	
REL26	RR92	LB Acapulco Inc	EQUITY	
REL014	TH03	Orchard Corporate Ctr LLC	EQUITY	
REL179	TF04	Victor Parkway Associates	EQUITY	
REL35	RU87	PAMI 5-7 EAST 17TH STREET INC	EQUITY	
REL34	RW17	PAMI Tower Clubs Inc	EQUITY	
	RW24	TROON/LEGACY GOLF CLUB	Second	
	TI95	LB Chenoa Development LLC	REO	8/2/02
	RW97	The Martha Washington	First	
	TF94	LB HILLS GOLF LLC	REO	4/26/02
	RX32	Kojaian - Shelby	First	
	TD83	River Sound Development LLC	REO	1/25/02
	TY56	JED PROUTY HEALTH CENTER	First	
	TE47	LB Silver Creek LLC	REO	2/22/02
REL381	TK25	New West Michigan Industrial Investors LLC	EQUITY	
REL382	TK24	Southwest Michigan Industrial Investors LLC	EQUITY	
REL46	RZ86	PAMI PCC I/Belmont Equity	EQUITY	
	TN26	Michigan Beach Apts	Second	
	SW97	LB Eastwood Mall	REO	3/22/01
REL55H	SL99	LB/L - RBF Master LLC	EQUITY	
REL049	RZ43	271 Church Street	EQUITY	
	SA00	Grumman/Great River	First	
REL32	RV65	PAMI NEW YORK I INC(Rosie LLC)	EQUITY	
REL52	TI43	PAMI Eastland Inc	EQUITY	
	VC78	Fairfield Inn Piedmont	First	
REL39	RZ06	PAMI OTAY 6 Inc.	EQUITY	
	SM08	Wilton Harrisburg LLC	REO	12/22/00
REL55F	SM00	LB/L - EPAC Master LLC	EQUITY	
	TN19	Cigar Factory Apts	Second	
REL83	SB02	PAMI Worldport Inc.	EQUITY	
	TP68	LB FALL CREEK PARTNER LLC	REO	2/25/03
	TJ44	LB Flamingo Island LLC	REO	8/7/02
REL85	SB17	PAMI BNT Inc.	EQUITY	
REL55C	SM03	LB/L - DS Ventures Master LLC	EQUITY	
	TM42	LB Astrodome LLC	REO	11/5/02
REL47	RG85	LB DESILVA	EQUITY	
	TI71	Memphis Mall Holdings LLC	REO	8/6/02
REL98	SE04	LB PAC Plaza Inc	EQUITY	
	SR43	LB Rose Ranch LLC	REO	10/13/00
REL95	SD66	LB Aviation Inc.	EQUITY	
REL55L	SL94	LB/L - Suncal II Master LLC	EQUITY	
	TJ94	LB LINCOLN MALL HOLDINGS LLC	REO	9/3/02
REL097	SD69	LB Bascom Portfolio II LLC	EQUITY	
	SD42	Laval Land	First	
	TR16	LB Town Center LLC	REO	5/28/03
REL101	SE97	LB Renar LPGA Inc	EQUITY	
REL55G	SL98	LB/L - Pacer Master LLC	EQUITY	
REL121	SF35	PCCP-ROSEVILLE/FIDDYMENT	EQUITY	
REL112	SF09	LB Bahamas Inc.	EQUITY	
	SF77	Holiday Inn - Sunspree (Fun Club)	First	
	SF78	Holiday Inn - Nassau	First	
REL119	SJ12	LB Vendome Inc. & LP Inc.	EQUITY	
REL115	SG61	LB Autumnwood Inc. & Direct	EQUITY	

EXHIBIT P

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Lehman Channeled Risks Through 'Alter Ego' Firm

By LOUISE STORY and ERIC DASH
Published: April 12, 2010

It was like a hidden passage on Wall Street, a secret channel that enabled billions of dollars to flow through Lehman Brothers.

Enlarge This Image



Patrick Andrade for The New York Times
Lehman Brothers' headquarters in Midtown Manhattan in 2008. It is now the offices of Barclays Capital.

In the years before its collapse, Lehman used a small company — its "alter ego," in the words of a former Lehman trader — to shift investments off its books.

The firm, called Hudson Castle, played a crucial, behind-the-scenes role at Lehman, according to an internal Lehman document and interviews with former employees. The relationship raises new questions about the extent to which Lehman obscured its financial condition before it plunged into bankruptcy.

While Hudson Castle appeared to be an independent business, it was deeply entwined with Lehman. For years, its board was controlled by Lehman, which owned a quarter of the firm. It was also stocked with former Lehman employees.

None of this was disclosed by Lehman, however.

Entities like Hudson Castle are part of a vast financial system that operates in the shadows of Wall Street, largely beyond the reach of banking regulators. These entities enable banks to exchange investments for cash to finance their operations and, at times, make their finances look stronger than they are.

Critics say that such deals helped Lehman and other banks temporarily transfer their exposure to the risky investments tied to subprime mortgages and commercial real estate. Even now, a year and a half after Lehman's collapse, major banks still undertake such transactions with businesses whose names, like Hudson Castle's, are rarely mentioned outside of footnotes in financial statements, if at all.

The Securities and Exchange Commission is examining various creative borrowing tactics used by some 20 financial companies. A Congressional panel investigating the financial crisis also plans to examine such deals at a hearing in May to focus on Lehman and Bear Stearns, according to two people knowledgeable about the panel's plans.

Most of these deals are legal. But certain Lehman transactions crossed the line, according

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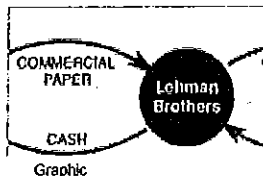
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to the account of the bank's demise prepared by an examiner of the bank. Hudson Castle was not mentioned in that report, released last month, which concluded that some of Lehman's bookkeeping was "materially misleading." The report did not say that Hudson was involved in the misleading accounting.

At several points, Lehman did transactions greater than \$1 billion with Hudson vehicles, but it is unclear how much money was involved since 2001.

Still, accounting experts say the shadow financial system needs some sunlight.

"How can anyone — regulators, investors or anyone — understand what's in these financial statements if they have to dig 15 layers deep to find these kinds of interlocking relationships and these kinds of transactions?" said Francine McKenna, an accounting consultant who has examined the financial crisis on her blog, re: The Auditors. "Everybody's talking about preventing the next crisis, but they can't prevent the next crisis if they don't understand all these incestuous relationships."

The story of Lehman and Hudson Castle begins in 2001, when the housing bubble was just starting to inflate. That year, Lehman spent \$7 million to buy into a small financial company, IBEX Capital Markets, which later became Hudson Castle.

From the start, Hudson Castle lived in Lehman's shadow. According to a 2001 memorandum given to The New York Times, as well as interviews with seven former employees at Lehman and Hudson Castle, Lehman exerted an unusual level of control over the firm. Lehman, the memorandum said, would serve "as the internal and external 'gatekeeper' for all business activities conducted by the firm."

The deal was proposed by Kyle Miller, who worked at Lehman. In the memorandum, Mr. Miller wrote that Lehman's investment in Hudson Castle would give the bank and its clients access to financing while preventing "headline risk" if any of its deals went south. It would also reduce Lehman's "moral obligation" to support its off-balance sheet vehicles, he wrote. The arrangement would maximize Lehman's control over Hudson Castle "without jeopardizing the off-balance sheet accounting treatment."

Mr. Miller became president of Hudson Castle and brought several Lehman employees with him. Through a Hudson Castle spokesman, Mr. Miller declined a request for an interview.

The spokesman did not dispute the 2001 memorandum but said the relationship with Lehman had evolved. After 2004, "all funding decisions at Hudson Castle were solely made by the management team and neither the board of directors nor Lehman Brothers participated in or influenced those decisions in any way," he said, adding that Lehman was only a tenth of Hudson's revenue.

Still, Lehman never told its shareholders about the arrangement. Nor did Moody's choose to mention it in its credit ratings reports on Hudson Castle's vehicles. Former Lehman workers, who spoke on the condition that they not be named because of confidentiality agreements with the bank, offered conflicting accounts of the bank's relationship with Hudson Castle.

One said Lehman bought into Hudson Castle to compete with the big commercial banks like Citigroup, which had a greater ability to lend to corporate clients. "There were no bad intentions around any of this stuff," this person said.

1 2 [NEXT PAGE »](#)

This article has been revised to reflect the following correction:

Correction: April 14, 2010

An article on Tuesday about Lehman Brothers' relationship with a smaller company, Hudson Castle, referred incorrectly to the status of a California property developer, SunCal, which had joint investments with Lehman. SunCal's and Lehman's investments

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Lehman Channeled Risks Through 'Alter Ego' Firm

Published: April 12, 2010

(Page 2 of 2)

But another former employee said he was leery of the arrangement from the start. "Lehman wanted to have a company it controlled, but to the outside world be able to act like it was arm's length," this person said.

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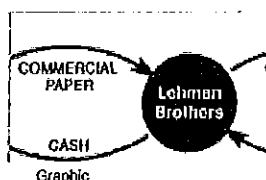
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Typically, companies are required to disclose only material investments or purchases of public companies. Hudson Castle was neither.

Nonetheless, Hudson Castle was central to some Lehman deals up until the bank collapsed.



"This should have been disclosed, given how critical this relationship was," said Elizabeth Nowicki, a professor at Boston University and a former lawyer at the S.E.C. "Part of the problems with all these bank failures is there were a lot of secondary actors — there were lawyers, accountants, and here you have a secondary company that was helping conceal the true state of Lehman."

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Until 2004, Hudson had an agreement with Lehman that blocked it from working with the investment bank's competitors, but in 2004, that deal ended, and Lehman reduced its number of board seats to one, from five, according to two people with direct knowledge of the situation and an internal Hudson Castle document. Lehman remained Hudson's largest shareholder, and its management remained close to important Lehman officials.

Hudson Castle created at least four separate legal entities to borrow money in the markets by issuing short-term i.o.u.'s to investors. It then used that money to make loans to Lehman and other financial companies, often via repurchase agreements, or repos. In repos, banks typically sell assets and promise to buy them back at a set price in the future.

One of the vehicles that Hudson Castle created was called Fenway, which was often used to lend to Lehman, including in the summer of 2008, as the investment bank foundered. Because of that relationship, Hudson Castle is now the second-largest creditor in the Lehman Estate, after JPMorgan Chase. Hudson Castle, which is still in business, doing

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similar work for other banks, bought out Lehman's stake last year. The firm's spokesman said Hudson operated independently in the Fenway deal in the summer of 2008.

Hudson Castle might have walked away earlier if not for Fenway's ties to Lehman. Lehman itself bought \$3 billion of Fenway notes just before its bankruptcy that, in turn, were used to back a loan from Fenway to a Lehman subsidiary. The loan was secured by part of Lehman's investments with a California property developer, SunCal, and those investments also collapsed. At the time, other lenders were already growing uneasy about dealing with Lehman.

Further complicating the arrangement, Lehman later pledged those Fenway notes to JPMorgan as collateral for still other loans as Lehman began to founder. When JPMorgan realized the circular relationship, "JPMorgan concluded that Fenway was worth practically nothing," according to the report prepared by the court examiner of Lehman.

[PREVIOUS PAGE](#) 1 2

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An article on Tuesday about Lehman Brothers' relationship with a smaller company, Hudson Castle, referred incorrectly to the status of a California property developer, SunCal, which had joint investments with Lehman. SunCal's and Lehman's investments collapsed; SunCal itself did not.

A version of this article appeared in print on April 13, 2010, on page A1 of the New York edition.



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Outcry Grows Over Transfer of U.K. Funds by Lehman

By CARRICK MOLLENKAMP, JEFFREY MCCracken and JOELLEN PERRY

The fate of Lehman Brothers Holdings Inc.'s operations remains clouded by controversy despite the approval by a U.S. bankruptcy judge of the sale of the securities firm's U.S. operations to Britain's Barclays PLC.

Even as the Barclays sale was approved Saturday, more Lehman clients, employees and others have objected, claiming they are owed money or assets.

At issue is how Lehman transferred corporate funds and client assets from its European operations when the parent firm in New York filed for bankruptcy and later agreed to sell its U.S. brokerage and investment-banking operations to Barclays.

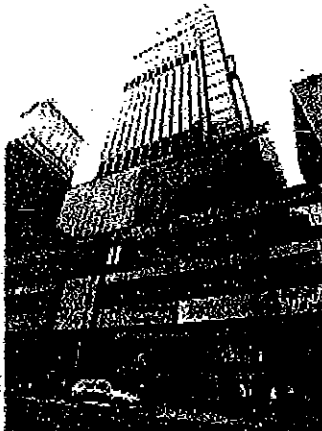
The Fall of Lehman

Lehman Brothers promoted its 'one firm' culture but the parent firm's bankruptcy proceedings have turned the company into a house divided.

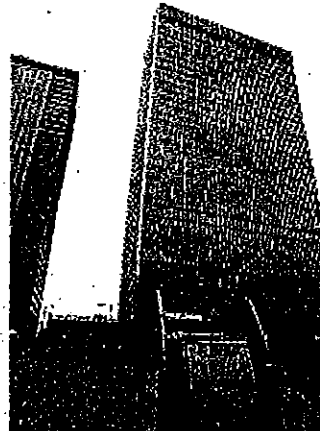
Lehman Brothers Holdings Inc.

U.S.

Europe



Headquarters in New York City



Canary Wharf offices in London

- **Lehman Brothers Holdings Inc.**, parent firm
Current status: Chapter 11 bankruptcy proceedings.
- **Lehman Brothers Inc.**, main U.S. broker-dealer
Current status: Pending sale of assets to Barclays PLC.

Sources: the company; court documents

- **Lehman Brothers International (Europe)**, London-based main European broker-dealer
Current status: Filed for insolvency proceedings, seeking repayment of \$8 billion from U.S. operations, pursuing sale to save jobs.

Meantime, Lehman bankers in London late Sunday were considering selling all or parts of the European operations to Nomura Holdings Inc., the Japanese investment bank, or Barclays. A sale to Nomura was a leading option Sunday but any deal could come undone.

One goal in finding a buyer was preserving thousands of jobs that appeared to be in jeopardy after the European unit filed for insolvency proceedings a week ago.

In a packed courtroom Saturday, a U.S. bankruptcy judge in New York approved the U.S. sale to Barclays following an eight-hour hearing where creditors and others opposed the sale. One of their objections was Lehman's internal transfer of funding out of London.

Lehman moved more than \$8 billion between Lehman's European headquarters in London and New York, where Lehman collects money from its global units and then disperses it daily.



GORDON BROWN

On the Friday before Lehman filed for bankruptcy, Lehman's London office was surprised to find that billions of dollars it expected in its accounts weren't there, according to a person familiar with the situation. Lehman's London insolvency administrator PricewaterhouseCoopers is seeking to have it repaid.

The issue took on political momentum over the weekend when U.K. Prime Minister Gordon Brown said he is working with U.S. authorities to get billions of dollars returned to the London unit.

"We are asking and working with the American government to get that money back to pay salaries, not of highflying financiers, but of cleaners and people who are computer operators who would otherwise be denied their money," Mr. Brown said while attending his

Labour Party's annual conference in Manchester.

Broad Problems

Problems could extend throughout Europe. Among other fund-raising efforts, Lehman's German unit, Lehman Brothers Bankhaus AG, swapped assets for funding from the European Central Bank. That could leave the central bank holding assets and unable to obtain money from the Lehman unit to cover a decline in the value of the assets, people familiar with the matter said.

That could pose a problem for the ECB, which might need to take a loss on its books at year end if the assets' values were marked down. Lehman assets are also no longer eligible as collateral for the ECB's funding operations since the bank filed for bankruptcy.

While a large bank with offices around the world would be expected to transfer money among its operations, Lehman's moves appear to go beyond that, people familiar with the matter said.

The bankruptcy judge hearing Lehman's case in New York decided Saturday that questions about the transfer of funds shouldn't delay the sale to Barclays. Judge James Peck said that rejecting the sale "could prove to be truly disastrous" because of the jobs and customer accounts at stake.

The events inside his packed courtroom on the sixth floor of the federal courthouse in Manhattan -- with the crowd spilling into the hallway -- were "significant to the markets, to the U.S. economy and to the global economy," Judge Peck said.

'We Should Be Safe'

Since money isn't being transferred to Barclays, if any transfers were inappropriate, they could be addressed later, he ruled. "In practical terms, we should be safe."

In a sign of how quickly Lehman's business was changing, Lehman operating chief Herbert "Bart" H. McDade III said in court that at the time the deal was reached with Barclays, Lehman's broker-dealer business had \$1.3 billion in cash, \$700 million of which would have gone to Barclays. Now, there is virtually no cash left, Lehman lawyers said, after the Chicago Mercantile Exchange Thursday unilaterally closed Lehman's trading positions on the exchange.

The retirement fund for Lehman's employees in the U.K. also is lining up to object. Lehman's administrators in London have applied to the U.K.'s Pension Protection Fund. That fund will examine the pension plan and see if it is eligible for compensation. The filing is typical, and the protection fund is expected to analyze whether there are insufficient amounts to cover the pension plan's liabilities.

GLG's Claims

Among clients claiming in court filings that cash may have been improperly moved between the London and U.S. units is London hedge fund GLG Partners LP, which alleged in court papers that assets "may have been misappropriated."

In its filing, GLG, one of Europe's biggest hedge funds, said Lehman's London unit has been its prime broker in recent years and that GLG holds significant claims against Lehman's European operations. Lehman also owns a stake in GLG.

'May Require Investigation'

PricewaterhouseCoopers LLP, which is overseeing the insolvency proceedings of Lehman's main European unit -- Lehman Brothers International (Europe), or LBIE -- says in court filings that an early inquiry into Lehman's operations has revealed "substantial transfers of securities out of LBIE which merit close investigation."

The firm said it has "identified more than \$8 billion in such funds that are due to LBIE but that LBIE does not hold. As the investigation progresses, it is quite possible the joint administrators will discover further transfers that may require investigation," according to the PricewaterhouseCoopers court filing.

Lehman's Mr. McDade said he had seen internal Lehman financial documents regarding intercompany transfers from Europe of \$8 billion.

Mr. McDade declined to comment during a break from the hearings.

PricewaterhouseCoopers is looking at whether Lehman's movement of hedge-fund-client money owed to Lehman's London unit was proper.

Typically, Lehman would transfer hedge-fund clients' securities out of its main European unit, LBIE, to its U.S. broker-dealer, then to a Lehman unit in Luxembourg, and then to a new prime broker. Then, Lehman U.S. would send funds tied to the original securities back to London.

Just before Lehman filed for bankruptcy, however, securities left London but the money tied to them was never returned to the London office, says PricewaterhouseCoopers.

—Dana Cimilluca and David Crawford contributed to this article.

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